



Attorney General Eliot Spitzer



Attorney General Lisa Madigan



Attorney General Joseph Curran

Contacts:

New York -	Paul Larrabee	518-473-5525
Illinois -	Melissa Merz	312-814-3118
Maryland -	Kevin Enright	410-576-6357

For Immediate Release:

October 6, 2004

LANDMARK SETTLEMENT OF "KOOL MIXX" TOBACCO LAWSUITS

R.J. Reynolds Agrees to Significant Restrictions on Future Promotions

New York Attorney General Eliot Spitzer, Maryland Attorney General J. Joseph Curran, Jr. and Illinois Attorney General Lisa Madigan today announced the settlement of their lawsuits against the Brown & Williamson Tobacco Co. over the marketing of Kool cigarettes.

The lawsuits had asserted that the company's 2004 "Kool MIXX" promotion – which was billed by the company as a "celebration" of Hip Hop music and culture – violated the 1998 tobacco Master Settlement Agreement (MSA) by targeting African American youth.

The settlement was reached with R.J. Reynolds Tobacco Co., which acquired the assets of Brown & Williamson in July. Under the settlement, R.J. Reynolds agreed to substantial limitations on all future "Kool MIXX" promotions, and agreed to pay \$1.46 million to be used for youth smoking prevention purposes.

"This settlement is important for two reasons. First, it sends a strong message to the tobacco industry that we will not tolerate efforts to market cigarettes to children," said Attorney General Spitzer. "Second, this is the first time that the industry has agreed to marketing limitations that are even stricter than those set forth in the MSA, which will be helpful in future enforcement efforts. Overall, this landmark settlement will reduce the number of children who start smoking, and thereby protect them from a lifetime of addiction and disease."

"As the nation's leading cause of preventable death, tobacco kills over 45,000 African Americans each year. This campaign targeted a hip hop audience, including youth. I hope this settlement sends a strong message that kids are off-limits for tobacco companies," said Maryland Attorney General Joseph Curran.

"The tobacco industry has been creative when it comes to trying to lure our children into a lifetime of addiction. Since the Master Settlement Agreement was reached in 1998, companies have tried to get around the prohibition on marketing to youth," Illinois Attorney General Lisa Madigan said. "This settlement says 'no more.' No more cartoons on packages. No more graffiti spray paint games on CD-ROMs. No more advertising in magazines popular with teens. No more packages that can be pieced together to make a puzzle." Madigan continued, "This case demonstrates that for every trick the tobacco industry tries to get around the Master Settlement Agreement, we will fight back to protect the health of our children."

The "Kool MIXX" promotion focused on Hip Hop music and culture, and included a wide variety of marketing efforts, including: (1) Hip Hop DJ "mixing" competitions with cash prizes held in New York, Illinois, Maryland and 10 other states; (2) the nationwide distribution of over 1 million CD-ROMs featuring Hip Hop music and interactive games; (3) the distribution of over 750,000 "special edition" Kool cigarette packs with Hip Hop design graphics; and (4) the creation of a "House of Menthol" website that had a flawed "age verification" system.

Spitzer, Curran and Madigan all commenced lawsuits this summer, charging that the promotion targeted children and violated the MSA's prohibition against the distribution of brand name merchandise.

Under the settlement, R.J. Reynolds agreed to significant restrictions on all future Kool MIXX promotions, including:

- Prohibiting use of the words "Kool," "Mixx" or "House of Menthol" on any merchandise;
- Prohibiting the use of Hip Hop songs and interactive games on the CD-ROM;
- Limiting the distribution of CD-ROMs to "adult-only" facilities and by mail to known adult smokers;
- Prohibiting the sale of "special edition" packs in retail stores, and instead limiting distribution to "adult-only" facilities;
- Prohibiting the separate "House of Menthol" website; and
- Ensuring that any "Kool MIXX" print advertisements are placed only in magazines with relatively low youth readership.

In addition, R.J. Reynolds agreed to pay a total of \$1.46 million to four not-for-profit organizations, to be used for youth smoking prevention and cessation programs in those minority communities that had been the focus of the Kool MIXX campaign.

Attorneys General Spitzer, Madigan and Curran applauded R.J. Reynolds for recognizing the problems created by Brown & Williamson's marketing campaign, and for agreeing to correct those problems.

The settlement will be submitted to the trial courts in New York, Maryland and Illinois, and will become final as soon as it has been approved by all three courts.

The litigation and settlement were handled by New York State Assistant Attorneys General Christine Morrison and Joy Feigenbaum, under the direction of Consumer Bureau Chief Thomas Conway; by Illinois Assistant Attorneys General Ben Weinberg and Paul Gaynor; and by Maryland Assistant Attorney General Marlene Trestman.